

Protecting Your Intellectual Property While Commercializing It

FOR:
KIEC - KY EPSCoR
JOINT ANNUAL
CONFERENCE

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Kara Technology case

Chronology

- 06-02-1999 First application filed
- 06-30-1999 Second application filed

- 05-09-2000 Non-Disclosure/Non-Competition Agreement
- 05-15-2000 Meeting; invention disclosed **privately**

- 10-01-2001 Press release
- 07-01-2002 Launch of competing product

- 01-07-2003 Second application issued as patent
- 05-11-2004 First application issued as patent



Fundamentals of patent law

A patent is like an agreement between the applicant and the public:

- Public gives patent owner the “right to exclude” others, which lasts for 20 years from filing

- IF -

- Invention meets requirements and applicant does 3 things:
 - Provide written description of the invention
 - Enable person of ordinary skill to make and use the invention
 - Identify his idea of best mode



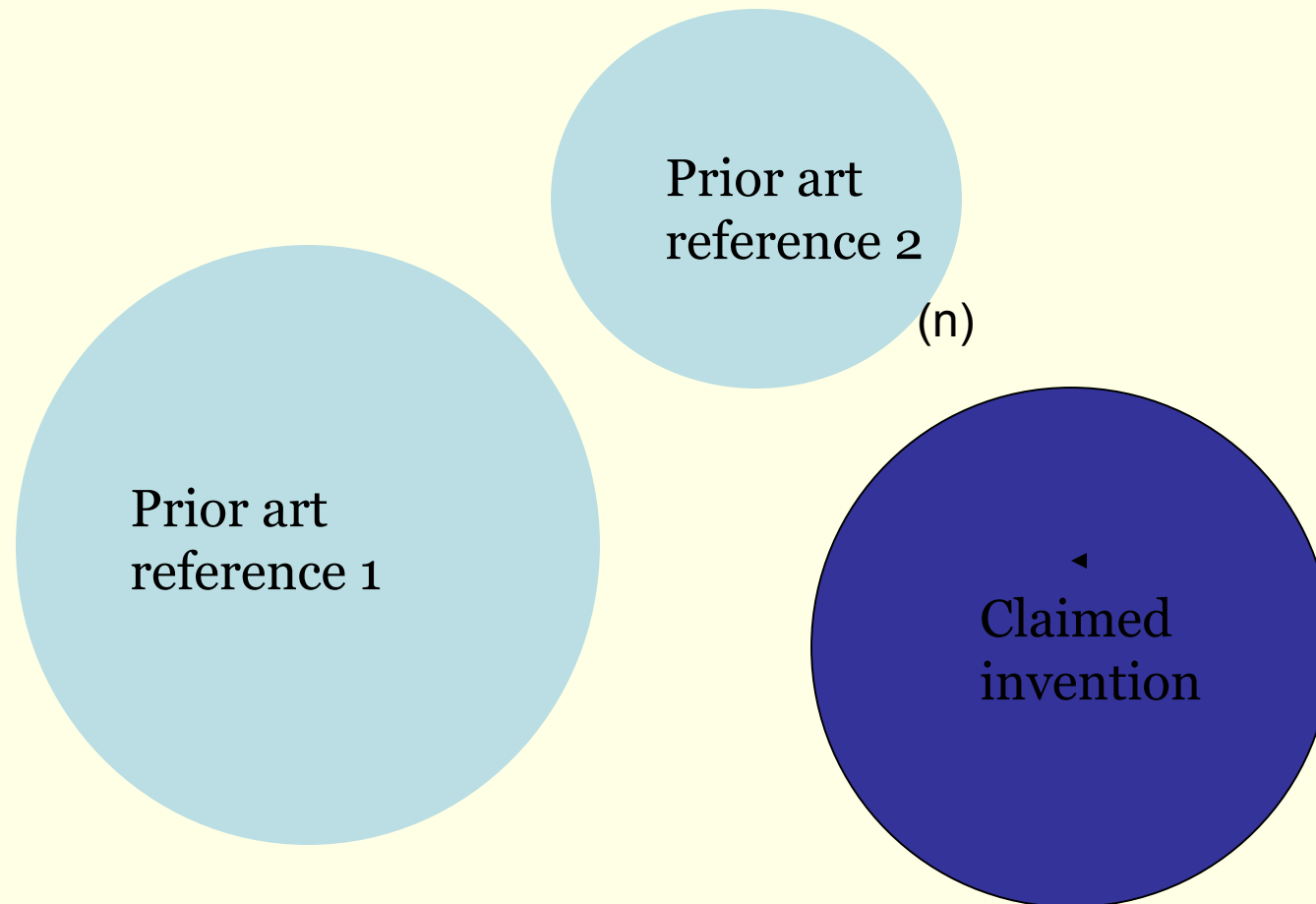
Fundamentals – cont'd

Patent law requirements

- Utility
- Novelty
- Non-obvious

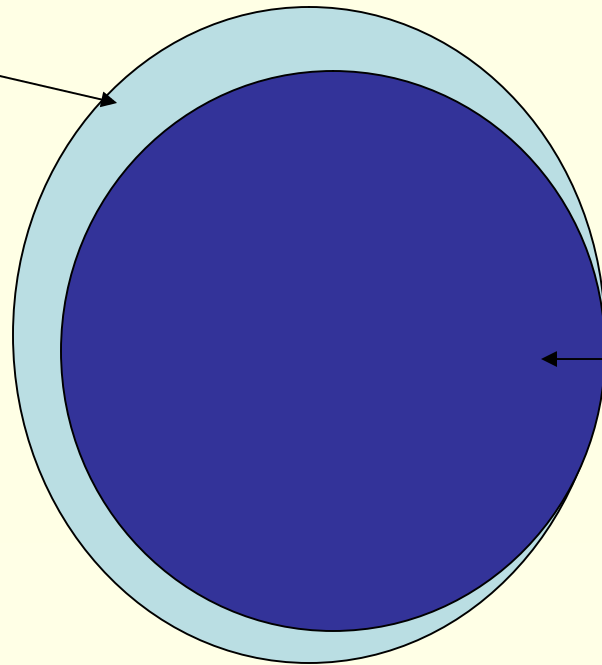


Novelty



“Anticipation” is the opposite of novelty

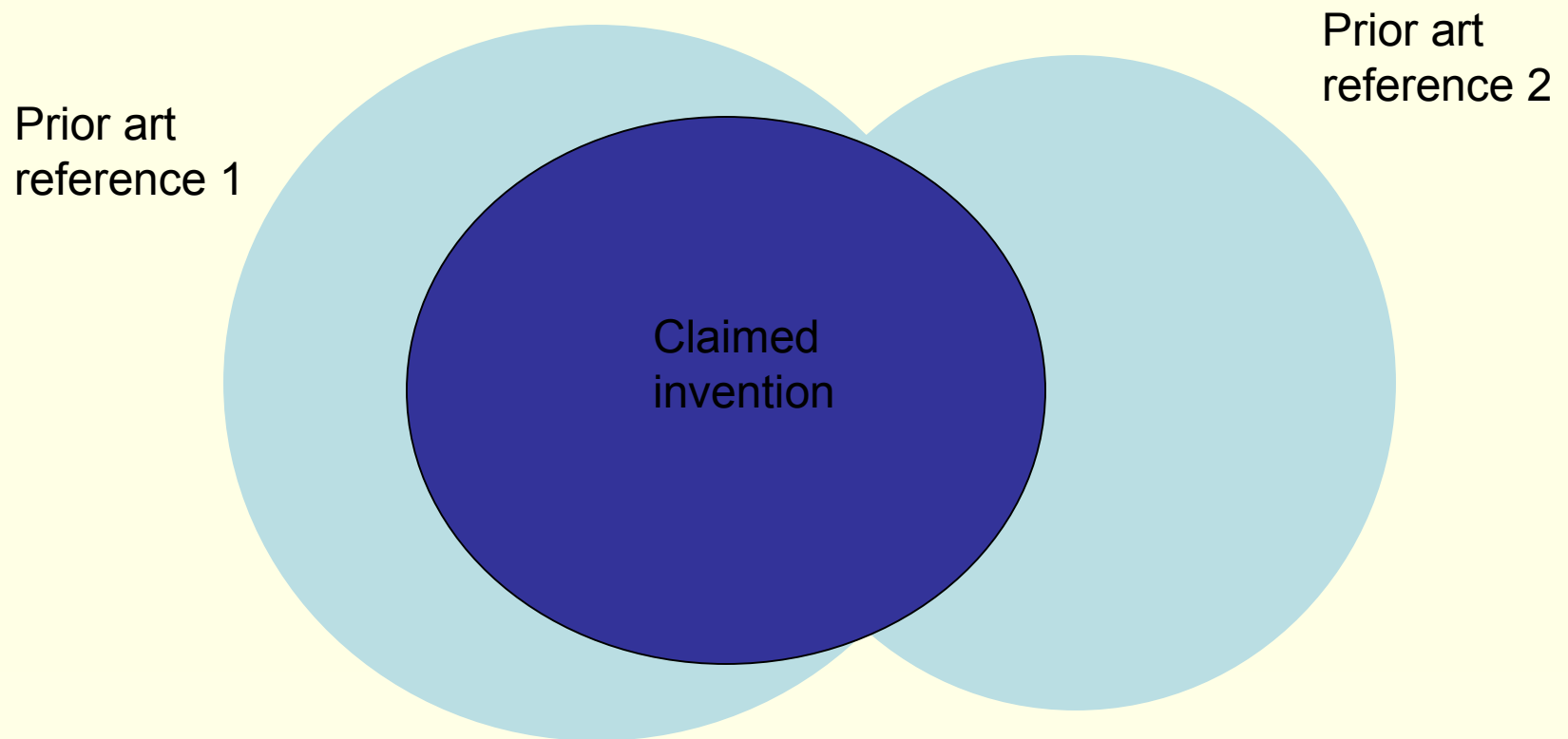
Prior Art –
single
reference



Claimed
Invention



Obviousness



- 05-09-2000 Non-Disclosure/Non-Competition Agreement
- 05-15-2000 Meeting; invention disclosed privately

- Trade show # 1 (World Stamp Expo, U.S.)
- Trade show # 2 (Finland)

- 10-01-2001 Press release
- 07-01-2002 Launch of competing product



Why it matters

Kara Technology and this competitor went through the court system for 6 years. The case settled in December 2010 for an undisclosed sum. Here are excerpts from competitor's q4 2010 Earnings Call transcript in Feb. 2011:

- \$139,000,000 = 39% increase over q4 2009 in terms of usage of product
- q4 revenues highest in company history
- 2010 revenue highest in company history
- The competitor: stamps.com



NDA lessons

- Understand the limitations of an NDA
- Must still treat the info like it is secret to avoid losing confidential nature
- Be careful with trade shows and other public activities

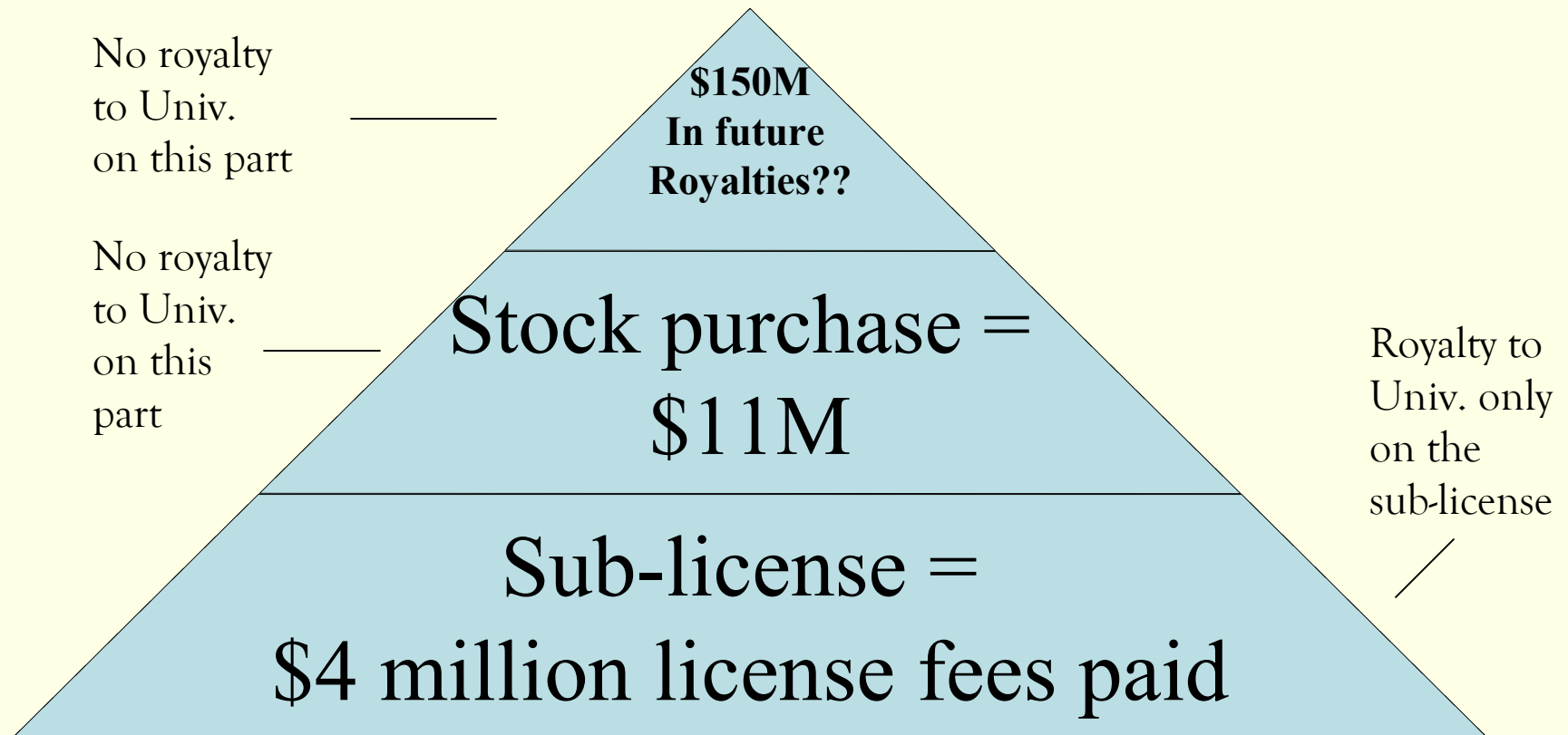


Stearoyl Co- α Desaturase case

- **1999** early research discovered mechanism between enzyme and lower cholesterol
- **Jan 2000** assignment # 1: researchers \rightarrow Univ. (all rights in the discovery)
- **Feb 2000** patent application filed
- **Feb 2001** joint research partnership between company and Univ.
- **July 2003** assignment # 2: P.I. \rightarrow company (ownership of compounds)
- **2004** company made side agreements with **Novartis** for sublicense to develop the compounds into pharmaceutical products ... and a stock purchase agreement
- **2004** Univ. learned of agreements through a **press release**



The Novartis deal



Some important sections of a joint research agreement

- Scope of the project / experimental plan
- Confidentiality
- Ownership of data
- Right to publish
- Inventorship and ownership
 - Negotiate based on value of background technology in light of future improvements (aka foreground technology)
 - Improvements would not have been possible without the background technology
- Use rights, royalties



Stanford v. Roche case (argued to U.S. Supreme Court on Feb. 28, 2011)

- The invention:
 - Background tech (Univ. = P.I. and research team) => correlations between levels of “HIV” RNAs in blood and effectiveness of HIV treatment
 - Foreground tech (Joint Research Partnership = P.I. + Co.) => assay for measuring the RNAs + detection kits
- The law: **Bayh-Dole Act**
 - Patent system is engine to commercialize federally funded research
 - Creates presumption that the Contractor (a.k.a. Univ. in this case) will own federally-funded invention if certain conditions met



Again ... multiple inventors, multiple parties, multiple agreements

| | P.I. | Co-inventors | Univ. (Contractor) | Company |
|--|------|--------------|-----------------------|---------|
| Employment Agreement w/ Univ. (1988) <i>(... will assign ...)</i> | ✓ | ✓ | ✓ | |
| Visitor's Confidentiality Agreement (1989) <i>(... do assign ...)</i> | ✓ | | | ✓ |
| Assignment to Univ. (1995) | ✓ | ✓ | | |



Thank you.

Questions?

